

EXHIBIT 92

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In accordance with a protective order, the enclosure(s) shall be treated as confidential and shall not be shown to any person other than those persons designated in paragraph 8.2 of the paragraph order.

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Page 1

1 IN THE UNITED STATES DISTRICT COURT

2 FOR THE DISTRICT OF WYOMING

3
4 CUSTODIA BANK, INC.,

5 Plaintiff

6 vs.

No.

7 FEDERAL RESERVE BOARD OF

22-cv-00125-SWS

8 GOVERNORS and FEDERAL RESERVE

9 BANK OF KANSAS CITY,

10 Defendant.

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CONFIDENTIAL DEPOSITION OF JUDITH HAZEN,
16 FRBKC Representative, a Defendant, taken on behalf of
17 the Plaintiff before Kelsey Robbins Schmalz, CSR No.
18 1571, CCR No. 1148, RPR, pursuant to Notice on the
19 16th of November, 2023, at the offices of the Federal
20 Reserve Bank of Kansas City, 1 Memorial Drive, Kansas
21 City, Missouri.

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1 form because I want to create a list, and I don't
2 know if you have a pen, but I have a fancy one from
3 the Federal Reserve Bank of Kansas City if you would
4 like to use it.

5 A. I hear they're in high demand.

6 Q. Yes. What I would like to do as we go
7 through is to sort of keep a running list of
8 individuals who were involved in dealing with
9 nontraditional accounts like SPDIs or Custodia
10 specifically, okay?

11 MS. CARLETTA: And I'll just note for
12 the record I think we're talking about Topic No. 2;
13 is that right?

14 MR. SCARBOROUGH: I don't have it in
15 front of me, but let me look real quick.

16 MS. CARLETTA: Assuming we're talking
17 about Topic No. 2, we said that would produce a
18 witness to discuss generally the positions and
19 identities of individuals at the Board who had
20 substantive discussions with FRBKC employees about
21 Custodia's master account request.

22 MR. SCARBOROUGH: Yeah. This is not
23 just limited to Topic 2. It also encompasses
24 Topic 6, for instance, which deals with the various
25 working groups and PSPAC and et cetera that was

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1 established.

2 BY MR. SCARBOROUGH:

3 Q. So let's start, Ms. Hazen, with --

4 MS. CARLETTA: Sorry. I'll just note
5 for the record we also on Topic 6 said we prepared to
6 discuss generally that committees are working groups
7 that materially contributed to the decision to deny
8 Custodia's master account request.

9 Go ahead.

10 MR. SCARBOROUGH: Thank you.

11 BY MR. SCARBOROUGH:

12 Q. Ms. Hazen, with regard to the PSPAC, I
13 think you testified earlier that that was a
14 combination of -- was it Board Governors as well as
15 representatives from the Reserve Banks, too?

16 A. It's Governors at the Board of
17 Governors -- a subset of Governors at the Board of
18 Governors and a subset of Presidents at the Reserve
19 Banks.

20 Q. So do you know what that subset is,
21 like how many Governors are on the PSPAC?

22 A. I don't know what the composition of
23 the PSPAC was at the time of this.

24 Q. Okay. Because we don't know
25 specifically, in the first -- on Exhibit 233, would

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1 you just write on the first line there subset of
2 Board Governors that -- how about PSPAC - subset of
3 Board Governors?

4 MS. CARLETTA: Can I see this? Okay.
5 Just for the record, this is a document that just has
6 numbers 1 through 44 with lines. The header is
7 Federal Reserve Bank Staff/Governors, and, Ryan, you
8 just asked her to fill in, I'm sorry, what again?

9 BY MR. SCARBOROUGH:

10 Q. PSPAC, and then you can put a dash and
11 say subset of Governors or whatever you think would
12 accurately summarize or synthesize what you told me.

13 MS. CARLETTA: And this is creating a
14 record of Board staff and Governors, or what do you
15 want this list to represent?

16 MR. SCARBOROUGH: This list is going
17 go to represent the folks at the Board of Governors,
18 whether it's Governors or their staff, who were
19 involved in dealing with issues around nontraditional
20 account access and/or Custodia specifically, its
21 master account request.

22 MS. CARLETTA: Can you answer that?
23 Was PSPAC involved as Ryan said?

24 A. In the decision on Custodia's master
25 account request?

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1 BY MR. SCARBOROUGH:

2 Q. No. That's not the question.

3 A. Can you ask again? I'm sorry.

4 Q. Sure. The question was I believe you
5 just testified in response to my questioning earlier
6 that the PSPAC was the -- that they were originally
7 addressing some of the policy questions that were
8 being raised and they were the ones who decided to
9 establish this nontraditional account access working
10 group and the workstreams that were underneath it; is
11 that right?

12 A. Yes. So that's one of the groups that
13 was looking at the broader landscape and seeing these
14 requests coming in the door.

15 MS. CARLETTA: Just to clarify the
16 record, do we mean nontraditional accounts or do we
17 mean -- this list is just going to -- I'm concerned
18 this list is going to get misused so I want to be
19 very clear about what's going on this list.

20 A. And PSPAC wouldn't have been tracking
21 exclusively SPDIs.

22 BY MR. SCARBOROUGH:

23 Q. I understand.

24 A. So that's where --

25 Q. But they address SPDIs in part, so if

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1 you would, write PSPAC on the first line, and you can
2 say subset of Governors if you want.

3 MS. CARLETTA: I'm not comfortable
4 with her creating a new exhibit. She is here to
5 answer questions. You can ask her questions. If you
6 want to compile a list from her deposition later,
7 that's fine, but this is going to be used
8 inappropriately. It's not clear what this is.

9 So just ask questions then. Just ask
10 questions. I'm not comfortable with her making a
11 document that's going to be misconstrued.

12 I don't know what -- what is she --
13 she's writing PSPAC and that this had something to do
14 with nontraditional master account requests? I mean,
15 that's not what this -- do you want her to write --

16 MR. SCARBOROUGH: I want her to write
17 PSPAC on the first line, because she has just told me
18 that the PSPAC had a role in connection with
19 evaluating and dealing with nontraditional account
20 access policy questions that came up.

21 MS. CARLETTA: She can answer the
22 questions. I don't want her writing something down.

23 BY MR. SCARBOROUGH:

24 Q. Why don't you hand me Exhibit 233. I
25 will write it down as we go and you can verify that

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1 I'm writing it correctly.

2 MS. CARLETTA: You can write it down
3 as you go. I don't know what she's going to be able
4 to verify. It's not clear from the face of that
5 document what we're doing here. You can ask the
6 question and she can answer it.

7 A. Can you repeat the question?

8 BY MR. SCARBOROUGH:

9 Q. Sure. Am I correct that you
10 previously have testified today that the Payment
11 Systems Policy Advisory Committee was involved in
12 addressing issues that were raised by novel chartered
13 entities, first of all?

14 MS. CARLETTA: Objection. Form.

15 A. So the PSPAC was one of the groups
16 that was aware of and interested in the issues that
17 were being raised by new charter types, by novel
18 business plans, by novel uses of existing charters.

19 BY MR. SCARBOROUGH:

20 Q. And the PSPAC did not include every
21 member of -- every Governor on the Board, correct?

22 A. A subset of Governors sitting on the
23 PSPAC.

24 Q. So I'm going to write PSPAC, subset of
25 Governors on No. 1, okay?

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1 A. Okay.

2 MS. CARLETTA: Okay. You're writing
3 it down.

4 A. I see you writing it down.

5 BY MR. SCARBOROUGH:

6 Q. Does that capture the participants
7 from the Board at the PSPAC level who had anything to
8 do with nontraditional account access issues raised
9 by novel chartered entities?

10 MS. CARLETTA: She is standing on her
11 deposition testimony. She is not verifying this
12 document.

13 A. So yes. The representation on PSPAC
14 from the Board of Governors includes a subset of
15 Governors, but the PSPAC is broader than the
16 substance set of Governors, it also inside a subset
17 of Reserve Bank presidents.

18 BY MR. SCARBOROUGH:

19 Q. Right, and I'm only looking to catch
20 the folks from the Board who were involved, so that's
21 why I've written subset of Governors and didn't say
22 anything more about Reserve Bank personnel, okay?

23 MS. CARLETTA: It doesn't matter what
24 you've written. It's attorney work product. We're
25 standing on her -- she is not verifying that document

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1 that you're currently creating. She is standing on
2 her deposition testimony. She is not here to
3 create --

4 MR. SCARBOROUGH: Counsel, you can
5 object -- please don't give speaking objections.
6 I've given you a lot of leeway. You can object, and
7 I'm entitled to ask my questions.

8 MS. CARLETTA: You're entitled to ask
9 your questions but you're not entitled to have her
10 create a document.

11 MR. SCARBOROUGH: Have you ever been
12 in a deposition where a witness has diagrammed a
13 scene?

14 MS. CARLETTA: This is not the same as
15 that.

16 MR. SCARBOROUGH: This is exactly the
17 same as that.

18 MS. CARLETTA: No, it's not.

19 BY MR. SCARBOROUGH:

20 Q. So, Ms. Hazen, I'm going to show you
21 what I've written so far in Exhibit 233. Do you see
22 it says PSPAC subset of Governors?

23 A. I see that it says that.

24 Q. And does that accurately reflect the
25 Board-related individuals who were -- participated at

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the PSPAC level in connection with considerations raised by nontraditional accounts like SPDIs or others?

4 MS. CARLETTA: Same objections.

5 A. It represents the membership on PSPAC
6 at the Board of Governors.

7 BY MR. SCARBOROUGH:

8 Q. Okay. So let me direct your
9 attention, then, to Exhibit 202, which you have you
10 in front of you. You mentioned that there was a
11 steering committee, correct?

12 A. Yes.

13 Q. And this is a steering committee for
14 the nontraditional account access groups, correct?

15 A. Yes. That's what the group was
16 titled.

17 Q. Okay. So who served on the steering
18 committee at the board level?

19 A. On this document, it notes David
20 Mills.

21 Q. Okay. I'm going to write these down
22 as you go. So David Mills, and what was his role?

23 A. He is a co-chair.

24 Q. And what position did he have at the
25 Board?

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1 A. I would have to look up his specific
2 title for you.

3 Q. Does it indicate on Exhibit 202 that
4 he was with RBOPS?

5 A. He worked in the RBOPS division.

6 Q. And does that stand for Reserve Bank
7 Operations and Payment Services?

8 A. I believe so. I'm not sure if the S
9 is services or system.

10 Q. Let me see if I can find the answer
11 for you quickly. I have it down as Reserve Bank
12 Operations and Payment Systems. Do you have any
13 reason to disagree with that?

14 A. No. I can confirm it during the break
15 if you want me to, but that seems reasonable.

16 Q. And so do you see here that I've
17 written down on No. 2 David Mills, RBOPS?

18 A. I see that.

19 Q. Okay. And that's written on
20 Exhibit 233. So who's the next member from the Board
21 who served on the steering committee?

22 A. This notes Jeff Walker.

23 Q. Jeff Walker. And was Jeff Walker also
24 with RBOPS?

25 A. That's what noted on the paper.

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1 Q. And I've written that down as No. 3,
2 correct?

3 A. Yes.

4 Q. The next person that's listed on the
5 steering committee from the Board is Stephanie
6 Martin; is that right?

7 A. Yes. That's the next name from the
8 Board on the list.

9 Q. And she's with Board legal; is that
10 fair?

11 A. That's what it says.

12 Q. So I've written Stephanie Martin,
13 legal, as No. 4, correct?

14 A. Okay.

15 Q. And then the next person that's listed
16 is Kavita Jain. Is she also with the Board?

17 A. She is.

18 Q. And she served on the nontraditional
19 account access steering committee?

20 A. That's what's noted here.

21 Q. And she is with the board S&R. What
22 does S&R stand for?

23 A. Supervision and regulation.

24 Q. So I've written as No. 5 Kavita's name
25 and her role as Board S&R, right?

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1 A. Yes. Or just S&R, but yes.

2 Q. Then we have Marnie DeBoer. Does
3 she -- have you also seen her name as Margaret
4 DeBoer?

5 A. Yes.

6 Q. And is she also a staff member for the
7 Board of Governors?

8 A. She is.

9 Q. So I'm going to write down Marnie
10 DeBoer, and it indicates that she was in the Board
11 M&A; is that right?

12 A. Board MA, yes.

13 Q. Pardon me. MA.

14 And so I've written her name, Marnie
15 DeBoer, MA there, correct?

16 A. Correct.

17 Q. And then if I look down, the next
18 Board person that I see is Jennifer Lucier. Am I
19 getting that right; do you know?

20 A. I see the name. I don't know the
21 pronunciation.

22 Q. And Jennifer Louis, it indicates here,
23 was also with RBOPS at the Board?

24 A. That's on the paper, yes.

25 Q. So I've marked that as No. 7 for her

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1 name, correct?

2 A. I see that on that page.

3 Q. Okay. Now, in addition to the
4 steering committee, if you look further down on this
5 document on the practical workstream, there are other
6 members of the Board who are also participating,
7 correct?

8 MS. CARLETTA: Objection. Form.

9 A. I see on the list under practical
10 workstream a list of Board staff.

11 BY MR. SCARBOROUGH:

12 Q. Okay. One of the co-chairs for the
13 practical workstream was a Board member, correct?

14 A. This indicates Kathy Wilson.

15 Q. And Kathy Wilson, it indicates she is
16 also with RBOPS?

17 A. Yes. That's in parentheses.

18 Q. And I've written her name at No. 8,
19 correct?

20 A. I see that.

21 Q. And then there's representatives from
22 Board legal, Gavin Smith; is that right?

23 A. I see that.

24 Q. And I've written his name as No. 9 on
25 this, correct?

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1 A. I see that.

2 Q. There's a reference to MPOA David
3 Lowe, do you know what MPOA is?

4 A. I don't.

5 Q. Do you know who David Lowe is?

6 A. The name is familiar, but I'm -- I
7 don't know the division. I'm sorry.

8 Q. Do you know if he worked for the
9 bank -- for the Board or a Reserve Bank?

10 MS. CARLETTA: Objection. Form.

11 A. I don't. I see that he's listed under
12 Board staff in this document, but I don't know him
13 specifically.

14 BY MR. SCARBOROUGH:

15 Q. All right. So I'm going to put David
16 Lowe down and I'll write MPOA since he's listed under
17 Board staff, okay? Do you see that as No. 10?

18 A. Yeah. I see you wrote the same thing
19 over here that's on this document.

20 Q. Okay. And then the next person listed
21 as Board staff is Dan McGonegal; is that right?

22 A. Yes.

23 Q. And is Mr. McGonegal part of the Board
24 S&R department?

25 A. He is now, yes.

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1 Q. And do you see for No. 11 I've written
2 his name with S&R next to it?

3 A. I see that.

4 Q. Then the next person down it indicates
5 is Ben Hobbs, also with RBOPS; is that right?

6 A. I see that.

7 Q. And I've written his name and
8 indicated that he is with RBOPS, correct?

9 A. I see that.

10 Q. And then if you flip the page to
11 workstream No. 1, the policy workstream, one of the
12 co-chairs of that group is also a Board staffer,
13 correct?

14 A. Yes. On here I see Jason Hinkle.

15 Q. And he is also with RBOPS?

16 A. That's in parentheses, yes.

17 Q. You see him as listed as No. 13?

18 A. Yes.

19 Q. And then under Board staff for this
20 policy workstream, there's a representative from
21 legal. That's Sophia Allison, correct?

22 A. On Board legal it says Sophia Allison.

23 Q. And I'll write legal next to her name.
24 Do you see that?

25 A. I see that.

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1 Q. Okay. And then we have Mary Francis,
2 and I'll never be able to say her last name, but it
3 looks like Styczynski?

4 A. Yes.

5 Q. Is she also with the Board?

6 A. Yes.

7 Q. And her specific role is listed there
8 as also being MPOA, correct?

9 A. Yes. That's the designation on the
10 page.

11 Q. And I've written her in as No. 15,
12 correct?

13 A. Yes.

14 Q. Now, I'm not going to include Dan
15 McGonegle a second time, although he is also on this
16 policy workstream, right?

17 A. Yes, I see his name on here.

18 Q. So the next person we have come to
19 appears to be Kirstin Wells; is that right?

20 A. Yes.

21 Q. Is she also a Board member?

22 A. She is designated here as RBOPS.

23 Q. I've written her name in as No. 16
24 with RBOPS next to it.

25 Do you see that?

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1 A. Okay.

2 MS. CARLETTA: I'll just note that
3 this document also -- next to Kirstin Wells also says
4 parentheses, FOCS. I don't know what that means.

5 BY MR. SCARBOROUGH:

6 Q. Ms. Hazen, are there other
7 Board-related members, so staffers, Governors,
8 anybody from the Board who, to your knowledge are or
9 the Kansas City Fed's knowledge, participated on
10 either the nontraditional account access steering
11 committee, practical workstream 1 or policy
12 workstream 2 other than the folks that we've listed
13 here?

14 MS. CARLETTA: Objection. Form.

15 A. I believe this document is showing
16 those that were engaged at the creation of this, and
17 I don't see any notable names missing.

18 BY MR. SCARBOROUGH:

19 Q. So -- I didn't mean to interrupt you.

20 A. I was just going to say I don't -- I
21 know that there have been changes in membership from
22 the Reserve Bank participation side, and so
23 potentially there's been changes from the Board side
24 but there's no names that I'm surprised not to see on
25 the list.

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1 Q. Now I'm going to hand you a document
2 that was marked previously as Exhibit 218, and this
3 is a document that references crypto asset policy and
4 then it's got a redaction applications.

5 Do you see that?

6 A. I see that.

7 Q. And it also reflects that there is
8 involvement in answering some crypto policy questions
9 that the Kansas City Fed was facing; is that correct?

10 A. The invitation says, This is to
11 discuss some of the crypto policy questions KC is
12 facing as it works through the redacted applications.

13 Q. Are you familiar with Jeff Ernst?

14 A. I am.

15 Q. Is he -- in what ways are you familiar
16 with Mr. Ernst?

17 A. So I've worked with Jeff Ernst through
18 my role in the supervision function and engagement
19 with what we call the system risk council.

20 Q. And does the system risk council, does
21 that address questions that arise in connection with
22 novel chartered entities?

23 A. They do not.

24 Q. Okay. Why is -- go ahead.

25 A. I'm sorry. I just realized when I

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1 said -- I'm sharing with you how I personally know
2 Jeff Ernst. I didn't prepare to be able to speak to
3 all that is -- what it encompasses, so I'm sorry.

4 Q. I understand. Is it fair to say that
5 Mr. Ernst was involved in answering crypto policy
6 questions that the Kansas City Fed was trying to
7 address?

8 MS. CARLETTA: Objection. Form and
9 outside the scope.

10 A. I don't know about Jeff's engagement
11 other than what's noted on this calendar invitation.

12 BY MR. SCARBOROUGH:

13 Q. Okay. And is it -- and he is a Board
14 staff member?

15 A. Yes.

16 Q. And did the SPDI-chartered entities
17 present crypto policy questions that needed to be
18 addressed?

19 A. Broadly, there were crypto policy
20 questions that were being contemplated by the Board
21 and Reserve Bank staff. I can't speak to if this
22 document is referencing specific questions that would
23 have been raised by SPDIs or a specific entity.

24 Q. And I'm less concerned about that
25 particular document than trying to identify

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1 individuals at the Board who would have been involved
2 in addressing policy issues or other questions that
3 would arise in connection with SPDI charters or the
4 like.

5 A. I think what's challenging for me in
6 responding is that there is an evolution that is
7 happening at this time in that industry and then also
8 within the financial industry, and so to be able to
9 pinpoint what questions are being raised because of
10 the SPDI charters and what questions are being raised
11 just as we more broadly monitor what's happening in
12 the financial industry, I'm not prepared to make that
13 delineation.

14 Q. Okay. Let me ask you, did Asad Kudiya
15 have interaction with the Kansas City Fed in
16 connection with SPDI charters or issues around crypto
17 policy novel chartered entity account access?

18 MS. CARLETTA: Objection. Form and
19 outside the scope.

20 A. Asad Kudiya would have been involved
21 in the application for membership by Custodia.

22 BY MR. SCARBOROUGH:

23 Q. Would Asad have had any role in
24 connection with broader crypto policy questions?

25 MS. CARLETTA: Same objections.

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1 A. I'm not certain what all is
2 encompassed in Asad's role.

3 BY MR. SCARBOROUGH:

4 Q. What about Gavin Smith? Strike that.
5 We've already established Gavin Smith's
6 participation.

7 What about Molly Mahar?

8 MS. CARLETTA: Same objection.

9 A. Kavita Jain reports to Molly Mahar.
10 I'm not aware of Molly Mahar's scope of
11 responsibilities or her specific engagement.

12 BY MR. SCARBOROUGH:

13 Q. Okay.

14 A. On activities related to Custodia or
15 requests related to Custodia.

16 Q. In preparing to testify today, did you
17 identify individuals from the Board who participated
18 in providing comments or feedback on the
19 recommendation letter that was prepared for Esther
20 George?

21 A. Yes. I looked at comments that had
22 been provided on our analysis.

23 Q. Okay. Who provided comments from the
24 Board in connection with the recommendation memo to
25 Esther George?

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1 MS. CARLETTA: Objection. Form.

2 A. I'm not certain that I could delineate
3 who specifically provided the comments on the memo
4 itself versus others that provided substantive
5 comments in other forms.

6 BY MR. SCARBOROUGH:

7 Q. Let's just do it broadly. Who
8 provided comments in any way, shape or form from the
9 Board to the Kansas City Fed in connection with the
10 recommendation memo?

11 A. So individuals that --

12 MS. CARLETTA: Objection. Form --

13 A. -- we would have had conversations
14 with at the Board included Sophia Allison.

15 BY MR. SCARBOROUGH:

16 Q. Okay. Let me see here. We've already
17 got her on the list as No. 14 I'll show you. Is that
18 right, No. 14?

19 A. Yes. Your list says Sophia Allison,
20 legal.

21 Q. Who else?

22 A. Lael Brainard.

23 Q. So I'm going to write -- I'll write
24 Lael down although I put an asterisks -- do you know
25 if Lael was on the PSPAC?

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1 A. I believe she was.

2 Q. All right. I'll write Lael's name but
3 I'll put an asterisk beside it on No. 17.

4 MS. CARLETTA: And, I'm sorry, what
5 are we creating -- can you restate the question for
6 this list?

7 BY MR. SCARBOROUGH:

8 Q. So what was Lael Brainard's -- she
9 gave feedback on the recommendation memo?

10 THE WITNESS: Can I answer now?

11 MS. CARLETTA: I just didn't hear the
12 question. That's all.

13 A. Lael Brainard had conversations with
14 Esther George.

15 BY MR. SCARBOROUGH:

16 Q. Okay. And we'll come back to the
17 substance of it, but who else would have given
18 feedback on the recommendation -- the denial
19 recommendation?

20 A. So others that I have include Margaret
21 DeBoer.

22 Q. And we have Marnie DeBoer listed as
23 No. 6?

24 A. I see that.

25 Q. So I'm not going to write her down.

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1 Who else do you have?

2 A. I have Matt Eichner.

3 Q. And was he the head of RBOPS?

4 A. Yes.

5 Q. I'm going to write RBOPS there. Who
6 else besides Matt?

7 A. Jason Hinkle.

8 Q. I've already got Jason written down as
9 No. 13 so I'm not going to rewrite him, okay?

10 A. Okay.

11 Q. Who else?

12 A. Laura Lipscomb.

13 Q. I don't have her, so what was her
14 position or role at the Board?

15 A. I believe that she is in monetary
16 affairs.

17 Q. So MA?

18 A. Yes.

19 Q. I've written her down at No. 19. All
20 right, who else?

21 A. Matt Malloy.

22 Q. And what was his role?

23 A. He is also in monetary affairs.

24 Q. And do you see I've written him down
25 as No. 20?

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1 A. I see that.

2 Q. Okay. Who else?

3 A. Stephanie Martin.

4 Q. I've got her already as No. 4,
5 correct?

6 A. Yes. I see that.

7 Q. And then who else do you have?

8 A. Dave Mills.

9 Q. No. 2 on my list?

10 A. Yes.

11 Q. And who else?

12 A. Gavin Smith.

13 Q. He's No. 9 on my list. Who else do
14 you have?

15 A. Mark Van Der Weide.

16 Q. Write him down, mark Van Der Weide,
17 and he is legal, correct?

18 A. He's general counsel.

19 Q. So I'll write GC as No. 21.

20 A. Okay.

21 MS. CARLETTA: Just for the record,
22 she is reading from Tab 10 of Exhibit 225.

23 BY MR. SCARBOROUGH:

24 Q. Who else do you have?

25 A. Jeff Walker.

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1 Q. He's No. 3, correct?

2 A. Yes.

3 Q. Who else?

4 A. Evan Winerman.

5 Q. I'll write his name down. What was
6 Evan's role?

7 A. I believe Evan is in legal.

8 Q. At the Board?

9 A. Yes.

10 Q. So do you see I've written him down as
11 No. 22?

12 A. Yes.

13 Q. Is that the complete list that you've
14 been able to compile of individuals who had
15 involvement in giving feedback in one way or another
16 to the denial recommendation?

17 A. I would say that these are the
18 individuals that were involved in substantive
19 conversations around Custodia's master account
20 request from the Board of Governors.

21 Q. Okay. Does the Kansas City Fed have
22 any knowledge or awareness of briefings that were
23 provided to Vice Chair Barr in connection with
24 Custodia -- both its membership application and its
25 master account request?

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1 A. I understand that Vice Chair Barr was
2 briefed on the membership application that was filed
3 by Custodia and in conjunction with that was informed
4 about the status of the Custodia's master account
5 request.

6 Q. Was there any interaction between any
7 officer or representative of the Kansas City Fed and
8 Vice Chair Barr?

9 MS. CARLETTA: Objection. Form.

10 BY MR. SCARBOROUGH:

11 Q. In connection with Custodia?

12 MS. CARLETTA: Objection. Form.

13 A. Staff from Kansas City Fed did not
14 meet with Vice Chair Barr.

15 BY MR. SCARBOROUGH:

16 Q. Was Vice Chair Barr a member of the
17 PSPAC?

18 A. I do not believe so.

19 Q. Are you familiar with Governor
20 Quarles?

21 A. I am.

22 Q. Did Governor Quarles serve on the
23 PSPAC?

24 A. I don't know.

25 Q. Did Governor Quarles, to your

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1 knowledge, have any involvement with staff from the
2 Kansas City Fed in connection with Custodia's master
3 account request?

4 A. I don't believe so.

5 Q. Did he have any involvement with
6 Kansas City Fed staff in connection with more
7 generally either the SPDI charters or other novel
8 charter type entities and the issues that they would
9 raise?

10 MS. CARLETTA: Objection. Form.
11 Outside the scope.

12 A. I'm not familiar with conversations
13 between Federal Reserve Bank of Kansas City staff and
14 Vice Chair Quarles.

15 BY MR. SCARBOROUGH:

16 Q. Okay. Are you familiar with Courtney
17 DeMartini?

18 The name is familiar.

19 Q. Do you know if Courtney DeMartini was
20 an employee of the Federal Reserve Board?

21 A. I would have to confirm that.

22 Q. Let me hand you a document that's been
23 previously marked as Exhibit 28. Do you see that
24 this is an email that Jason Hinkle sent to Judith
25 Hazen and other folks, including Board staff, in

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1 connection with the draft recommendation memo for
2 Custodia?

3 A. Yes.

4 Q. And one of the people that he sent it
5 to is listed as Courtney DeMartini.

6 Do you see that?

7 A. I do.

8 Q. Does the email address for Courtney
9 indicate that she was -- or is a Board employee?

10 A. It does.

11 Q. So I'm going to write Courtney's name
12 down as somebody else who would have touched the
13 issue around Custodia and its -- the recommendation
14 for its master account.

15 MS. CARLETTA: Objection. That's also
16 changing the nature of the document.

17 A. I didn't have her noted as someone
18 that we had substantive discussions with, but I do
19 see she is on the email that had -- that was
20 responsive to the draft recommendation.

21 BY MR. SCARBOROUGH:

22 Q. Okay. So I've written her name as
23 No. 23.

24 Do you see that?

25 A. I see that.

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1 Q. But you're not aware of what her role
2 was specifically at the Board at the moment, right?

3 A. I don't know her position, no.

4 Q. Now, there's also a reference on the
5 cc line to Joshua Chadwick?

6 A. Yes.

7 Q. He is also a Board member with the
8 legal department there?

9 A. I believe so, yes.

10 Q. Did you have any substantive -- did
11 the Kansas City Fed have any substantive interaction
12 with Mr. Chadwick in connection with the Custodia
13 master account recommendation?

14 A. I didn't have him noted as one, but I
15 see that he's included in the cc line on the email.

16 Q. And do you see I've written him down
17 as No. 24, Joshua Chadwick, legal?

18 A. I see that.

19 Q. Is there anybody else that comes to
20 mind at the moment, and we can go through individual
21 documents later, but is there anybody else that comes
22 to mind that the Kansas City Fed would have engaged
23 with from the Board in connection either with
24 Custodia and its master account request or more
25 generally in connection with considering the policy

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1 issues raised by novel chartered entities like SPDIs
2 and the like?

3 MS. CARLETTA: Objection. Form and
4 outside the scope.

5 BY MR. SCARBOROUGH:

6 Q. And I'll hand you Exhibit 233 so you
7 have that in front of you, but is there anybody
8 that's not reflected on that list so far?

9 MS. CARLETTA: Same objections.

10 A. So to the latter part of your
11 question, there were conversations broadly that
12 were happening around evolution in the financial
13 industry, so this would not be an inclusive list of
14 all conversation that is have happened across the
15 Federal Reserve System in regard to individuals
16 that you've identified that are on emails, yes, I
17 see that we've pulled out the names that are relevant
18 from the Board, and then it's also inclusive of the
19 list that I had identified of individuals that the
20 Reserve Bank had substantive discussions regarding
21 Custodia.

22 I don't have a full list of everyone
23 that's been engaged in watching the evolution of the
24 financial system for the last four years for this
25 discussion today.

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1 BY MR. SCARBOROUGH:

2 Q. And if we were to include that, that
3 would include people like Jeff Ernst, for instance?

4 MS. CARLETTA: Objection. Form.

5 Outside the scope.

6 A. Among others, yes.

7 MR. SCARBOROUGH: Why don't we go
8 ahead and take our lunch break, and then we can pick
9 up afterwards.

10 (Off the record from 12:37 to 1:20.)

11 BY MR. SCARBOROUGH:

12 Q. All right. We are back after lunch.
13 When we were talking earlier about the interactions
14 that occurred between Board staff or Board Governors
15 and representatives of the Kansas City Fed in
16 connection with the recommendation to deny Custodia a
17 master account, you mentioned that there were
18 substantive discussions with Lael Brainard.

19 Do you remember that?

20 A. Yes.

21 Q. Can you on behalf of the Kansas City
22 Fed describe what those discussions were with
23 Vice Chair Brainard?

24 MS. CARLETTA: Objection. Form.

25 A. So discussions regarding Custodia's

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1 master account request would have occurred between
2 Vice Chair Brainard and President Esther George.

3 BY MR. SCARBOROUGH:

4 Q. Can you tell me about the substance of
5 those discussions?

6 A. I believe according to President
7 George's testimony that there were discussions around
8 legal eligibility.

9 Q. Is the sum and substance of your
10 knowledge to testify about discussions that occurred
11 with Vice Chair Brainard what Esther George testified
12 to in her deposition?

13 A. Yes.

14 Q. Are you aware of any other sources of
15 information or knowledge beyond Esther George's
16 testimony that would address the substance of any
17 communications involving Vice Chair Brainard?

18 A. No.

19 Q. Are you aware of any documents that
20 have been prepared to summarize communications from
21 Vice Chair Brainard concerning Custodia's master
22 account request?

23 MS. CARLETTA: Objection. Form.

24 A. So I think the direct or the firsthand
25 account of the conversations between Esther George

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1 denial letter sent to --

2 A. The denial letter sent to Custodia and
3 the memorandum sent to Esther George documenting
4 staff analysis and recommending denial.

5 Q. And when that decision was made, was
6 output from PSPAC used to arrive at that decision?

7 A. No.

8 Q. How about the NTAA?

9 A. No, other than to the extent that the
10 handbook that was being drafted would have been
11 referenced to see if there were principles or risks
12 that ought to be included in our analysis.

13 Q. And how about either workstream?

14 A. No.

15 Q. I'm just going to turn quickly to
16 30(b)(6) Topic 3. I don't -- we marked that as an
17 exhibit, the topics?

18 MR. SCARBOROUGH: Yes. It's the first
19 exhibit we marked today, 224.

20 MS. CARLETTA: Thanks.

21 BY MR. SCARBOROUGH:

22 Q. Did you prepare on this topic?

23 A. Yes.

24 Q. Did you undertake to identify
25 individuals at the Board who had substantive

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1 discussions with the Reserve Bank of Kansas City
2 employees about Custodia's master account request?

3 A. Yes.

4 Q. When I say substantive, what do you
5 think that means?

6 A. So when I say substantive, I feel that
7 those are individuals that were sufficiently informed
8 on the matters that we were seeking their input on,
9 so in discussion with legal counsel or with legal
10 staff, I think that those would be individuals that
11 we were engaging in the legal eligibility question.
12 I also think that those that were providing input on
13 our analysis for financial stainless steel and
14 monetary policy risk would have been informed enough
15 to provide input on that.

16 Q. So I'm going to now turn to what has
17 been marked as Exhibit 233. Is this the document
18 that Custodia counsel created during this deposition
19 today?

20 A. Yes.

21 Q. And so, first, did counsel direct you
22 to Exhibit 202 to identify some of the individuals on
23 Exhibit 233?

24 A. Yes.

25 Q. I want you to take a look at

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1 Exhibit 202. Does 202 appear to accurately reflect
2 all of the members on each of these committees?

3 A. This appears to be an early draft of
4 individuals that were contemplated for the
5 workstream.

6 Q. So is it fair to say that the document
7 in Exhibit 202 is not accurate?

8 A. Yes.

9 MR. SCARBOROUGH: Objection to the
10 form.

11 BY MS. CARLETTA:

12 Q. Is it fair to say that individuals
13 identified on Exhibit 233 that were referenced in
14 Exhibit 202 may not be accurate?

15 MR. SCARBOROUGH: Objection to form.

16 A. That's correct.

17 BY MS. CARLETTA:

18 Q. So looking at Exhibit 233, what is the
19 title of this exhibit?

20 A. Federal Reserve Bank Staff/Governors.

21 Q. Does the title indicate whether the
22 people on this list had substantive discussions with
23 the Reserve Bank of Kansas City about Custodia's
24 master account request?

25 A. It does not.

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1 Q. Does the title indicate whether people
2 on this list told the Reserve Bank of Kansas City to
3 grant or deny Custodia's master account request?

4 A. It does not.

5 Q. Would it be accurate to write on here
6 that the list includes Board of Governors personnel
7 who had no substantive discussion with the Federal
8 Reserve Bank of Kansas City on whether to deny
9 Custodia's request?

10 MR. SCARBOROUGH: Objection to form.

11 A. Yes. That would be accurate.

12 BY MS. CARLETTA:

13 Q. So I want you to take that red pen.
14 First I want you to tell me what is the color pen
15 that was used on this document.

16 A. Black.

17 Q. What color pen do you have?

18 A. Red.

19 Q. I want to be clear I'm going to
20 instruct you to write on this document but I do not
21 want you to write anywhere that would render anything
22 on this document legible, so not on the writing.
23 Maybe over here to the side where there is no
24 writing, okay?

25 A. Okay.

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1 Q. I want you to write what you have
2 indicated would be accurate, and correct me if I'm
3 wrong, but I believe it's that this list includes
4 Board of Governors personnel --

5 MR. SCARBOROUGH: Hang on. Before you
6 write anything, let her ask her question.

7 THE WITNESS: Okay.

8 BY MS. CARLETTA:

9 Q. And please confirm with me that you
10 agree this is accurate. This list includes Board of
11 Governors personnel who had no substantive discussion
12 with the Federal Reserve Bank of Kansas City on
13 whether to deny Custodia request.

14 A. That is accurate.

15 MR. SCARBOROUGH: I'm going to object
16 to the question and the instruction, because that is
17 not what is referenced or meant by the compilation
18 that has been put together as Exhibit 233.

19 MS. CARLETTA: Well, I think you've
20 changed the compilation on multiple occasions, so I
21 want to be very clear on what the list does and does
22 not represent.

23 MR. SCARBOROUGH: The list represents
24 anybody at the Board of Governors who had involvement
25 in determining issues with Custodia's master account

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1 request or any involvement in determining policy
2 matters related to -- related to novel chartered
3 entities like SPDIs, so, for instance, account access
4 guidelines, handbooks that were developed, the
5 account request information sharing group.

6 It reflects everybody at the Board who
7 the witness was able to document had involvement in
8 one of those things. That is an accurate reflection
9 of what the list reflects.

10 MS. CARLETTA: Do you agree with that
11 characterization? Is that accurate?

12 THE WITNESS: There are individuals on
13 this list that come from the document that you
14 provided that had proposed names for participation on
15 the account steering group, the policy workstream and
16 the practical workstream that, to my knowledge,
17 didn't have substantive input.

18 MR. SCARBOROUGH: Which individuals --
19 we're going to go back and forth for a minute.

20 MS. CARLETTA: No, no. I want to
21 finish my questioning first. If you want to redirect
22 her, that's fine.

23 But I want to be clear on something.
24 Are you instructing that she can't write on this
25 document?

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1 MR. SCARBOROUGH: I'm asking her to
2 identify which individuals that she has testified
3 were on these committees on Exhibit 202, which
4 individuals that she is now taking the position were
5 not involved in those committees on behalf of the
6 Kansas City Fed.

7 MS. CARLETTA: Objection to form an
8 scope.

9 Do you know?

10 THE WITNESS: Before you were asking
11 me if the list of names that you were referencing
12 from that document was accurate, I don't believe that
13 that list of names is inclusive or includes -- it
14 includes individuals that I'm not aware participated
15 on those workstreams.

16 EXAMINATION

17 BY MR. SCARBOROUGH:

18 Q. Do you have a basis to say that they
19 did not participate on those workstreams? And which
20 individual or individuals are you thinking of? Let's
21 be clear.

22 MS. CARLETTA: Objection. Form and
23 outside the scope.

24 A. Again, I see names that are on there
25 that are highlighted.

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1 BY MR. SCARBOROUGH:

2 Q. Which names are you referencing?

3 A. And I'm not certain what their
4 engagement was.

5 Q. Which names are you referencing?

6 That's what I want to know.

7 A. I wasn't able to speak to David Lowe
8 or to Ben Hobbs, as an example.

9 Q. Where is David Lowe's name -- I see
10 it. Under the practical workstream one on
11 Exhibit 202? That's who you're referencing there?

12 A. Yes.

13 Q. And you said there was another name,
14 Ben Hobbs?

15 A. Ben Hobbs.

16 Q. Do you know David Lowe or Ben Hobbs?

17 A. I don't know David Lowe. I do know
18 Ben Hobbs.

19 Q. Do you know if either one of them
20 served on the practical workstream?

21 A. I would need to confirm that this list
22 is accurate that this is the individuals that were on
23 the practical workstream.

24 Q. Do you have a basis to believe that
25 David Lowe and Ben Hobbs did not serve on the

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1 practical workstream?

2 MS. CARLETTA: Objection. Form and
3 outside the scope.

4 A. I just wanted to clarify that when you
5 were putting the list together, you were asking me if
6 the names that you were reading on here were on this
7 document, and I see that these names are on this
8 document but I also see that these names -- or this
9 document has items highlighted that say to be
10 determined, so I don't believe that this is the final
11 list of individuals that were on these workstreams,
12 so I -- yes, these names that you wrote over here are
13 the names that are also written on this document.

14 I just want to make sure that I'm
15 clear that this document -- I don't know that this is
16 a finalized version.

17 BY MR. SCARBOROUGH:

18 Q. Ms. Hazen, and perhaps you don't
19 understand it from the document, but did you
20 understand -- do you understand that this document
21 was prepared by the Board reflecting the Board
22 members who would be serving -- or the Board staff
23 who would be serving as members of the various
24 steering committees and workstreams and was sent to
25 certain Reserve Banks to have them identify and fill

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1 in in the to-be-determined highlighted areas who from
2 a particular Reserve Bank would be serving in a given
3 role?

4 MS. CARLETTA: Objection. Form and
5 misstates the document.

6 A. I don't know from the document who
7 drafted it or who it was sent to.

8 BY MR. SCARBOROUGH:

9 Q. Do you see that the TBD,
10 to-be-determined highlight on the first page of
11 Exhibit 202 references the Federal Reserve Bank of
12 San Francisco?

13 A. I see the bullet that says TBD,
14 San Francisco.

15 Q. And do you see on the second page of
16 the document the highlighted person is Avery Belka
17 from the San Francisco Federal Reserve Bank?

18 A. I see that.

19 Q. Do you see that the down below under
20 the System staff that it references Sebastian Astrada
21 highlighted as from the Reserve Bank of
22 San Francisco?

23 A. Again, on the document you're asking
24 me to read from, I see the words and the highlighting
25 that you're noting.

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1 Q. And none of those people from the
2 Reserve Bank in San Francisco or any other Reserve
3 Bank are listed and included on Exhibit 233, are
4 they, ma'am?

5 A. The individuals that are highlighted
6 on this document aren't written on this document, but
7 the fact that this document has placeholders in it
8 makes me question if this is a finalized document, so
9 I don't know what changed between this document and a
10 finalized one.

11 Q. So the only two names that you're not
12 sure about from the Board that are included on
13 Exhibit 233 are David Lowe and Ben Hobbs; is that
14 right?

15 MS. CARLETTA: Objection. Form.

16 A. Is the question are those the
17 individuals that served on these workstreams?

18 BY MR. SCARBOROUGH:

19 Q. Yeah. Those are the only two that you
20 have a question about whether they participated in
21 these workstreams or the steering committee?

22 MS. CARLETTA: Objection. Form and
23 misstates testimony.

24 A. So if you want me to confirm that this
25 list of names all participated on these workstream, I

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1 will need to do that.

2 BY MR. SCARBOROUGH:

3 Q. I asked -- I'm sorry. I didn't mean
4 to interrupt you.

5 A. You compiled this list by reading the
6 names that were on this group.

7 Q. One of the topics that you were asked
8 to prepare to testify about today was people at the
9 Board level, the staff level who had involvement in
10 these work groups or who had involvement in
11 Custodia's master account request; isn't that
12 right?

13 MS. CARLETTA: And I'll note that we
14 issued objections that that was overbroad, among
15 other objections.

16 A. So I was prepared to discuss the
17 individuals at the Board that had communications with
18 FRBKC that were substantive to Custodia's master
19 account request. These work groups existed over a
20 period of a number of years, and so there were
21 changes over time, the individuals that sat on them,
22 so I can't tell you that this list is inclusive of
23 individuals at the Board of Governors that
24 participates on these workstreams.

25 BY MR. SCARBOROUGH:

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1 Q. There could be more people from the
2 Board of Governors given the period of time that
3 we're talking about here who participated either as
4 steering committee members or on the workstreams,
5 correct?

6 MS. CARLETTA: Objection. Form.

7 A. There could be some that are not
8 included on this document. There could also be some
9 included on this document that ultimately did not
10 actually serve on these work groups, so I could just
11 tell you that these documents has these individuals
12 on it.

13 BY MR. SCARBOROUGH:

14 Q. Okay. So why don't you take your red
15 pen, and for the two individuals that you're not
16 sure about right now, David Lowe and Ben Hobbs, why
17 don't you put an asterisk beside each one of their
18 names?

19 MS. CARLETTA: Objection. Form.
20 Misstates her testimony and misstates the document.

21 Do you want her to mark up every one
22 she is not sure about?

23 MR. SCARBOROUGH: Well, she's only
24 identified two.

25 MS. CARLETTA: She's identified at

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1 least two.

2 MR. SCARBOROUGH: Counsel, I asked her
3 to -- we issued a notice to have her prepared to
4 testify about this, and she clearly is trying to back
5 away and is not prepared to testify about something
6 that was clearly noticed.

7 MS. CARLETTA: I think we made very
8 clear in our objections that she would not be
9 testifying to every individual that served on all of
10 those Board working groups. We said subject to -- we
11 had a whole host of objections, including subject to
12 and without waiving the foregoing objections FRBKC
13 will produce a witness to discuss generally the
14 committees or working groups that materially
15 contributed to the decision to deny Custodia's master
16 account request. That's what we said she would be
17 prepared to speak on.

18 MR. SCARBOROUGH: Are you going to
19 bring her back to address the topic?

20 MS. CARLETTA: If you want to bring it
21 to the magistrate, we stand on our objections.

22 MR. SCARBOROUGH: That's what I'm
23 asking. Are you going to bring her back to address
24 the topic or no?

25 MS. CARLETTA: If instructed to do so.

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1 MR. SCARBOROUGH: Then I think the
2 list that we've compiled stands as is. If you have a
3 concern or objection to it, you can raise it, but I
4 am going to instruct her other than if she wants to
5 put an asterisk beside the two names she has
6 identified but she should not write on the document
7 otherwise.

8 MS. CARLETTA: Okay. So just to be
9 clear, you're instructing her not to write on a
10 document that you created during this deposition --

11 MR. SCARBOROUGH: Yeah.

12 MS. CARLETTA: -- that's supposed to
13 reflect her testimony?

14 MR. SCARBOROUGH: That's correct. If
15 she wants to put an asterisk beside the two names
16 that she identified as not being sure if they were
17 actually on the practical workstream one as
18 identified in Exhibit 202, that's fine.

19 MS. CARLETTA: Okay. And that
20 misstates her testimony, but you can take this back.
21 We're going to create our own document that we'll
22 enter in as FRB exhibit whatever our next exhibit
23 number is.

24 (FRB Exhibit No. 237 was marked for
25 identification.)

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1 EXAMINATION

2 BY MS. CARLETTA:

3 Q. So we're going to mark into evidence
4 Exhibit 237, and, Judith, would it be accurate to say
5 that Exhibit 233 is a list written by opposed counsel
6 that includes names of Board of Governors personnel
7 who did not have substantive discussions with the
8 Federal Reserve Bank of Kansas City on whether to
9 deny Custodia request?

10 MR. SCARBOROUGH: Objection to form.

11 A. Yes.

12 BY MS. CARLETTA:

13 Q. Can you write that on this piece of
14 paper?

15 A. Can you repeat it more slowly?

16 Q. Sure. Exhibit 233 is a list written
17 by opposing counsel for Custodia that includes names
18 of Board of Governors personnel who did not have
19 substantive discussions with the Reserve Bank of
20 Kansas City on whether to deny Custodia's master
21 account request.

22 MR. SCARBOROUGH: I'm going to object
23 to the form.

24 MS. CARLETTA: And I just want one
25 minute to make sure we're all set, and then I think

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1 I'm done.

2 (Off the record from 6:37-6:40.)

3 MS. CARLETTA: We're done.

4 MR. SCARBOROUGH: I have a few
5 follow-up questions.

6 EXAMINATION

7 BY MR. SCARBOROUGH:

8 Q. Ms. Hazen, you were asked some
9 questions by counsel about the PSPAC and the
10 nontraditional account access working group and then
11 the workstreams underneath the NTAA.

12 Do you recall that?

13 A. I do.

14 Q. The members of PSPAC discussed Wyoming
15 SPDIs during some of their meetings, correct?

16 MS. CARLETTA: Objection. Form and
17 outside the scope.

18 A. I believe the PSPAC was aware of the
19 Wyoming SPDI charter.

20 BY MR. SCARBOROUGH:

21 Q. And the notes kept by Tara Humston,
22 for example, reference the fact that PSPAC was
23 discussing Wyoming SPDIs at various point, correct?

24 MS. CARLETTA: Objection. Form.

25 Outside the scope.

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1 A. I believe Tara Humston's notes
2 reference that PSPAC had discussions about the type
3 of institution SPDI.

4 BY MR. SCARBOROUGH:

5 Q. And the PSPAC, did the PSPAC also play
6 a role in the development of the account access
7 guidelines by the Board?

8 MS. CARLETTA: Objection. Form.

9 A. So the PSPAC wouldn't have been the
10 body that developed the guidelines.

11 BY MR. SCARBOROUGH:

12 Q. But the PSPAC was the body that
13 determined that guidelines would be necessary and set
14 in motion the development of the account access
15 guidelines, correct?

16 MS. CARLETTA: Objection. Form and
17 outside the scope.

18 A. I believe that the PSPAC asked the
19 nontraditional account access group to consider what
20 actions might be appropriate and then also were aware
21 of the recommendation to draft the principles and put
22 them out for public comment as account access
23 guidelines.

24 BY MR. SCARBOROUGH:

25 Q. Can you keep your voice up? I think